

UNICARE.

September 15, 2006

Tom Bell
Kansas Hospital Association
215 SE 8th Avenue
Topeka, KS 66603

RE: Issues Raised By Providers in Health Wave Implementation

Dear Mr. Bell:

As you know, the Kansas Health Policy Authority recently awarded UniCare Health Plan of Kansas, Inc. ("UniCare") a statewide contract to provide HealthWave XIX and HealthWave XXI services to Medicaid and State Children's Health Insurance Program ("SCHIP") participants. UniCare looks forward to working with you and your member hospitals and physicians to make these programs successful.

We understand that a number of your members have expressed concerns regarding the impact of managed care expansion on the Medicaid hospital fee-for-service rates effective March 1, 2006 and the Medicaid physician fee-for-service rates effective July 1, 2006. While UniCare will negotiate contracts individually with each hospital, physician or physician group, *UniCare intends to include the 2006 Medicaid rates in its own reimbursement rates to contracted hospitals and physicians participating in both the HealthWave XIX and HealthWave XXI programs.*

The state of Kansas sets the per-member-per-month capitated fee paid to health plans for HealthWave XIX members. The State factored the 2006 Medicaid Rates into its capitated fee, thus enabling UniCare to pass through these rates to its contracted hospitals and physicians. In regards to SCHIP rates, UniCare took the 2006 Rates into account when proposing a fee to provide HealthWave XXI services.

UniCare representatives will be attending the September 18th meeting of the Health Care Access Improvement Panel, and we also look forward to our meeting scheduled with you for September 21st. We welcome the opportunity to work with you to proactively discuss and resolve these and any other issues as soon as possible, and we look forward to partnering with Kansas providers to serve HealthWave participants.

Sincerely,



John P. Monahan

cc: Andy Allison, KHPA
Scott Brunner, KHPA